

# California

## PROPERTY TAX INFORMATION

*The Marks-Roos Act  
was created in 1985 to  
allow local agencies  
greater flexibility in  
financing public  
infrastructure at  
reduced borrowing  
costs.*

[www.californiataxdata.com](http://www.californiataxdata.com)

100 Pacifica, Suite 470

Irvine, California 92618

Tel 949-789-0660

Fax 949-788-0280

# What is Marks-Roos?

## Background:

In 1978 Californians enacted Proposition 13, which limited the ability of local public agencies to increase property taxes based on a property's assessed value. This change in law, combined with sharp cuts in federal aid to state and local governments, severely limited local government's ability to fund public infrastructure. In 1985, the Marks-Roos Bond Pooling Act (Government Code §6584-6599.1) was created to provide a flexible alternative method of financing needed improvements, along with the benefit of reduced borrowing costs through the use of bond pools.

## Authorizing Legislation

One of the main concepts behind the Marks-Roos Bond Pooling Act of 1985 is that if agencies work together to get financing, the result will be reduced borrowing costs. Agencies can work together by signing a Joint Powers Agreement, which creates a Joint Powers Authority ("JPA"). Broadly speaking, the Marks-Roos Act authorizes JPAs to issue Marks-Roos bonds and loan the proceeds to local agencies to finance public capital improvements, working capital or insurance programs.

Alternatively, JPAs can purchase the bonds of local agencies with the proceeds of Marks-Roos bonds.

Marks-Roos bond pools have been under recent scrutiny because once established, they are difficult to understand and track. Also, there have been questions of whether the reduced borrowing costs produced by the bond pools actually benefit the taxpayer.

## How Can a Marks-Roos Bond Affect Property Taxes?

Marks-Roos bonds can affect property taxes when they are used to purchase other bonds issued by local agencies. Commonly, a Marks-Roos bond pool will purchase the Mello-Roos or Assessment District bonds issued by one of the members of the JPA. The underlying Mello-Roos or Assessment District bonds are repaid from charges that appear on property tax bills.

However, for the property owner, everything related to the property tax charge will be determined by the underlying Mello-Roos or Assessment District bonds, and not the Marks-Roos bonds.

## How is a Marks-Roos Bond Sale Approved?

Marks-Roos bonds do not require voter approval. Instead they are approved by resolution of the JPAs. However, there is a requirement for the JPA to make the finding that the financing would result in significant public benefit prior to bond issuance.

## How is the Annual Charge Determined?

If your property tax bill shows a charge that involves a Marks-Roos bond issue, the Marks-Roos bonds were used to purchase local Mello-Roos bonds or Assessment Districts bonds. These bonds are the ones responsible for generating an annual special tax or special assessment that appears on your tax bill. In that case, refer to information on that local bond issue. (See the "What is Mello-Roos" and "What is an Assessment District" fact sheets at [www.californiataxdata.com](http://www.californiataxdata.com))

## How Long Will the Charge Continue?

For information on the duration of the charge, refer to information on your local Mello-Roos or Assessment District bond issue. (See the "What is Mello-Roos" and "What is an Assessment District" fact sheets at [www.californiataxdata.com](http://www.californiataxdata.com))